

Procedures of Acquisition or Disposition of Assets

I. Purpose

To efficiently manage the procedures of acquisition and disposition of the Company's assets and to ensure the Company's rights and interests, the Company enacts these Procedures.

II. Objective

To meet the Company's policies, to fully utilize resources and to properly acquire or dispose of assets to maximize the economic benefit to the Company.

III. Contents

Chapter I General

Article 1: The scope of applicability of the term "Assets" as used in these Procedures is as follows:

1. Stocks, government bonds, corporate bonds, financial debentures, securities representing units of funds, depositary receipts, call (put) warrants, beneficiary securities, asset-backed securities.
2. Real property (including inventories of construction enterprises) and other fixed assets.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, trade secrets and other intangible assets.
5. Derivatives.
6. Assets acquired or disposed through mergers, spin-offs, acquisitions or transfer of shares in accordance with the law.
7. Other major assets.

- Article 2: The term "Date of Occurrence" under these Procedures means the date of execution of contract, date of payment, date of consignment trade, date of transfer, dates of board of directors meeting or any other date that can confirm the counterpart and the transaction amount, whichever date is earliest; provided that, where approval of the competent authority is required for such transaction, the earlier of (i) the earliest date above or (ii) the date of receipt of approval by the competent authority shall apply.
- Article 3: The term "Professional Appraiser" under these Procedures means a real property appraiser or other person duly authorized by the law to engage in the value appraisal of real property or other fixed assets.
- Article 4: The term "Subsidiary" under these Procedures has the meaning as defined in Statements of Financial Accounting Standards Nos. 5 and 7 published by the ROC Accounting Research and Development Foundation ("ARDF").
- Article 5: The term "Related Party" under these Procedures has the meaning as defined in Statement of Financial Accounting Standards No. 6 published by the ARDF.
- Article 6: The term "Derivatives" under these Procedures means forward contracts, options contracts, futures contracts, margin trading contracts, swap contracts and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "Forward Contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts or long-term purchase (sales) contracts.
- Article 7: "Assets acquired or disposed through mergers, spin-offs, acquisitions or transfer of shares in accordance with the law" means assets acquired or disposed through mergers, spin-off or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and/or other acts, or acquisitions of shares through issues of new shares of its own as the consideration therefore (hereinafter "Assignment of Shares") under Paragraph 6, Article 156 of the Company Law.
- Article 8: The term "Mainland Area Investment" means investments in People's Republic of

China, conducted in accordance with the provisions of the "Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area" promulgated by the Investment Commission of the Ministry of Economic Affairs.

Article 9: Professional appraisers and their officers, certified public accountants, attorneys and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions or underwriter's opinions shall not be a related party of any party to the transaction.

However, if the acquisition or disposition of assets is made through a court auction, the court certificate may be substituted for appraisal reports or the certified public accountant's opinions.

Article 10: Responsible Unit

The Responsible Unit under these Procedures means the business operating unit designated by the Company, based on the nature of each business of the Company.

Article 11: The total amount for purchase of non-operating real property may not exceed 1% of the net income of the Company; the total amount for investment in long-term and short-term securities may not exceed 50% of the net income of the Company; however, the amount for investment in individual securities may not exceed 25% of the net income of the Company.

Article 12: The restriction on the amount any Subsidiary of the Company may use to purchase non-operating real property to invest in securities or each individual securities are as follows:

1. If such Subsidiary's main business scope is investment:

The restriction on the amount for such Subsidiary to purchase non-operating real property may not exceed 100% of the net income of such Subsidiary; the restriction on the amount for such Subsidiary to invest in long-term and short-term securities may not exceed the paid-in capital of such Subsidiary or 500% of net income of the Company, whichever is higher; however, the amount for investment in individual securities may not exceed the paid-in capital of such Subsidiary or 300% of the net income of such Subsidiary,

whichever is higher.

2. If such Subsidiary's main business scope is not investment:

The restriction on the amount for such Subsidiary to purchase non-operating real property may not exceed 10% of the net income of such Subsidiary; the restriction on the amount to invest in long-term and short-term securities may not exceed the paid-in capital of such Subsidiary or 100% of the net income of such Subsidiary, whichever is higher; however, the amount for investment in individual securities may not exceed the paid-in capital of such Subsidiary or 50% of the net income of such Subsidiary, whichever is higher.

Article 13: Each Subsidiary of the Company shall enact its "Procedures of Acquisition or Disposition of Assets" in accordance with "Regulations Governing the Acquisition or Disposition of Assets by Public Companies" issued by the Financial Supervisory Commission, Executive Yuan ("FSC") and "Procedures of Acquisition or Disposition of Assets" of the Company.

The act of acquisition or disposition of assets by each Subsidiary shall follow the "Procedures of Acquisition or Disposition of Assets" made by such Subsidiary, and the Internal Audit of the Company will examine the relevant matters relating to the self-inspection report of its Subsidiary.

Chapter II Procedures

Article 14: The procedures of acquisition or disposition of long-term and short-term securities.

1. In connection with the acquisition or disposition of long-term securities, the Finance Center shall attach evaluation explanation and submit an application to the President. Such evaluation explanation should analyze the industry outlook and future development, investing rewards rate and the risk factors of such invested object and advantages and disadvantages. In addition, the transaction price should be made by the agreement of both parties through subjective and objective judgment. If the transaction amount is below NTD500,000,000 (excluding NTD500,000,000), the Chairman may approve and authorize the Finance Center to engage in the transaction. If the transaction amount is above NTD500,000,000 (including NTD500,000,000), it

should be submitted to the board of directors meeting for approval. If the acquisition or disposition of long-term securities is for the same purpose, it is not allowed to file different applications. When engaging in different transactions for the acquisition or disposition of long-term securities, they should proceed in accordance with item 3 of this Article.

2. In connection with the acquisition or disposition of short-term securities, the Finance Center is authorized to engage in the transaction within the investment quota approved by the board of directors meeting. After completion of the transaction, the Finance Center should report to the chief manager who approved it together with the evaluation explanation. When engaging in the transaction for the acquisition or disposition of the short-term securities, it should proceed in accordance with Paragraph 3 of this Article.
3. In connection with the acquisition or disposition of securities which are not traded on the stock exchanges or over-the-counter, the updated audited or reviewed financial statements prepared by a certified public accountant of the target company should be obtained for reference to evaluate the transaction price. In addition, if the transaction amount reaches 20% or more of the Company's paid-in capital or NTD300,000,000 or more, it should engage a certified public accountant to render an opinion on the reasonableness of the transaction price, except that such securities have public prices quoted on an active market or the regulations of the FSC otherwise provide.
4. In connection with Mainland Area Investments, approvals from competent authorities should be obtained before proceeding with the transaction. Upon engaging in the investment, the transaction should be handled in accordance with this Article.

Article 15: The procedures of acquisition or disposition of real property.

1. The Responsible Unit should submit the purpose or use, the basis of determination of transaction price and transaction method for the acquisition or disposition, to the President and the Chairman for their approval and then submit it to the board of directors for approval.
2. In acquiring or disposing real property where the transaction amount reaches

20% of the Company's paid-in capital or NTD300,000,000 or more, unless transacting with a government agency, commissioning others to build on its own land, or commissioning others to build on rented land, an appraisal report (the contents of such report as Attachment 1) should be obtained in advance from a Professional Appraiser and the transaction should be complied with the provisions of Article 18 of these Procedures.

3. In acquiring real property from a Related Party, the following information shall be submitted for approval from the board of directors and recognized by the supervisors before making the acquisition:
 - (1) The purpose, necessity and anticipated benefit of the real property acquisition.
 - (2) The reason for choosing the Related Party as the trading counterparty.
 - (3) The relevant information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the provisions of Paragraphs 4 and 5 of this Article.
 - (4) The date and price at which the Related Party originally acquired the real property, the original trading counterparty and that trading counterparty's relationship with the Company and the Related Party.
 - (5) Monthly cash flow forecasts for the year commencing from the month of anticipated signing of the contract and evaluation of the necessity of the transaction and reasonableness of the use of proceeds.
 - (6) Restrictive terms and other important stipulations associated with the transaction.
4. In acquiring real property from a Related Party, the reasonableness of the transaction costs shall be evaluated by the following means:
 - (1) Based upon the Related Party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer in accordance with the law. "Necessary interest on funding" is imputed as the weighted

averaged interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

- (2) Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan. The actual cumulative amount loaned by the financial institution shall have reached 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.
- (3) Where land and building(s) thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and building(s) may be separately appraised in accordance with the provisions of the above items.
- (4) If the Company acquires real property from a Related Party and appraises the cost of the real property in accordance with items 1, 2 and 3 of Paragraph 4 of this Article, a certified public accountant shall also be engaged to check the appraisal and render a specific opinion.
- (5) Where the Company acquires real property from a Related Party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Paragraph 3 of this Article and the provisions of the preceding four items do not apply:
 - (i) The Related Party acquired the real property through inheritance or as a gift.
 - (ii) More than five years have elapsed from the time the Related Party signed the contract to obtain the real property to the signing date for the current transaction.
 - (iii) The real property is acquired through signing of a joint development contract with the Related Party.

5. When the results of the Company's appraisal conducted in accordance with the provisions of items 1, 2 and 3 of the preceding Paragraph are all lower than the transaction price, the transaction shall be conducted in accordance with Article 16 hereof. However, if any of the following circumstances exists, and objective evidence has been submitted and specific opinions on reasonableness of the transaction price have been obtained from a professional real property appraiser and a certified public accountant have been obtained, the preceding sentence shall not apply:

(1) Where the Related Party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:

(i) Where aggregate values of the undeveloped land appraised in accordance with the means in the preceding Paragraph and the building(s) according to the Related Party's construction cost plus reasonable construction profit are in excess of the actual transaction price. "Reasonable Construction Profit" shall be deemed to be the average gross operating profit margin of the Related Party's construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lowest.

(ii) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring property, where the land/building area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard real property sale/purchase market practices.

(iii) Completed leasing transactions by unrelated parties for other floors of the same property within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard real property leasing market practices.

(2) Where the Company acquiring real property from a related party provides

evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring real property of a similar size by unrelated parties within the preceding year.

Completed transactions for neighboring real property in the preceding two paragraphs in principle refer to real property on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions for similarly sized real property in principle refer to transactions completed by unrelated parties for real property with an area of no less than 50% of the property in the planned transaction; within one year refers to one year from the actual date of acquisition of the real property.

Article 16: Where the Company acquires real property from a Related Party and the results of appraisals conducted in accordance with the provisions of Paragraphs 4 and 5 of Article 15 are uniformly lower than the transaction price, the following shall be done:

1. The difference between the real property transaction price and the appraised costs shall be set aside as a special reserve in accordance with the Paragraph 1, Article 41 of the Securities and Exchange Act and may not be distributed or used for capital increase and issuance of bonus shares. If an investor that has investment in the Company and adopts the equity method for such investment and is a public company, it shall also set aside a special reserve under Paragraph 1, Article 41 of the Securities and Exchange Act in relation to its share of the above special reserve set aside by the Company in proportion to its shareholding.
2. Supervisors shall comply with the provisions of Article 218 of the Company Law.
3. The circumstances of handling under the above subparagraphs 1 and 2 shall be reported to the shareholders meeting and the detailed contents of the transaction disclosed in the annual report and prospectus.
4. If the Company has set aside a special reserve under the preceding paragraph, the Company shall not utilize such special reserve until it has recognized a loss

due to price decline for the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the original condition has been restored, or there is other evidence confirming that it is not unreasonable to do so, and the FSC has agreed with the utilization.

5. The Company shall also comply with the provisions of the preceding four subparagraphs when acquiring real estate from a Related Party if there is other evidence indicating that the transaction is in any way inconsistent with regular business practices.

Article 17: The procedures of acquisition or disposition of other fixed assets.

1. Where Responsible Unit is acquiring a fixed asset, it should comply with the procedures of negotiation and comparison of transaction price and, after evaluation, submit to the Chairman for approval; when disposing, it should handle in accordance with the decrease and loss of the fixed asset; however, if the transaction amount exceeds NTD500,000,000 (inclusive), the transaction should be submitted to the board of directors meeting for approval .
2. If the transaction amount reaches 20% or more of the Company's paid-in capital or NTD300,000,000 or more, it should engage a Professional Appraiser to appraise and issue an appraisal report and should comply with Article 18 of these Procedures except for the transactions with government agencies or acquisition or disposition of the machines and equipment for operating use.

Article 18: The evaluation of real property or other fixed assets.

In acquiring or disposing real property or other fixed assets, the Company should obtain an appraisal report in advance from a Professional Appraiser and shall further comply with the following provisions:

1. Where due to special circumstances a limited price, specified price or special price must be given as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.